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### BEFORE THE POSTAL REGULATORY COMMISSION WASHINGTON, D.C. 20268-0001

COMPETITIVE PRODUCT PRICES
PARCEL SELECT CONTRACT 25 (MC2018-35)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2018-65

## USPS NOTICE OF AMENDMENT TO PARCEL SELECT CONTRACT 25, FILED UNDER SEAL (March 22, 2018)

The Postal Service hereby provides notice that prices under Parcel Select Contract 25, in the above-captioned proceeding, have changed as contemplated by the contract's terms. A redacted version of the amendment to Parcel Select Contract 25 is provided in Attachment A, and the unredacted amendment is being filed under seal. The amendment will become effective two business days following the day that the Commission completes its review of this filing.

The supporting financial documentation and a certified statement, as required by 39 C.F.R. § 3015.5, are also included with this filing. The Postal Service's original application for non-public treatment in this docket is hereby incorporated by reference for the protection of these materials.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Elizabeth A. Reed

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# ATTACHMENT A REDACTED AMENDMENT TO PARCEL SELECT CONTRACT 25

### AMENDMENT #1

OF

## SHIPPING SERVICES CONTRACT BETWEEN

### THE UNITED STATES POSTAL SERVICE

AND

## REGARDING PARCEL SELECT SERVICE

WHEREAS, the United States Postal Service (the "Postal Service") and ("Customer") entered into a Shipping Services Contract, Parcel Select Contract 25/Docket No. CP2018-65 regarding Parcel Select Service on October 19, 2017.

WHEREAS, the Parties desire to amend the terms in Section I.B, I.E.1 through I.E.3, along with Tables 1 through 5 of the Contract, to renumber existing Table 6 as Table 8, and to add Table A, Section I.K and new Tables 6 and 7 to the Contract.

NOW, THEREFORE, the Parties agree that the contract is hereby amended as detailed below. The existing contract remains unchanged in all other respects. This amendment shall become effective two (2) business days following the day on which the Commission issues all necessary regulatory approval.

[Replace Sections I.B, I.E.1 through I.E.3, along with Tables 1 through 5, in their entirety, and to add Table A, as follows:]

#### I. Terms

B. Customer's Parcel Select DDU packages

and are not addressed to any ZIP Code in Attachment A ("DDU

Packages"); Customer's Parcel Select DSCF 3-Digit packages

and are not addressed to any ZIP Codes in Attachment A

("DSCF Packages"); and Customer's Parcel Select DSCF 3-Digit

packages

and are addressed to ZIP

Codes in Attachment A ("DSCF Packages"). All packages eligible for

Contract pricing under this Contract shall collectively be known as "Contract

Packages". The ZIP Codes contained in Attachment A may be modified once a year

by the Postal Service, and will take effect on January 1st of each Contract Year.

- E. Contract Package Pricing.
  - 1. Contract Quarters are redefined as of the effective date of this Amendment. "Quarter(s)" or "Contract Quarter(s)" refer to the periods as follow in Table 1.

Table 1

Period Name	Start of Period	End of Period
Quarter 1	January 1 <sup>st</sup>	March 31st
Quarter 2	April 1st	June 30 <sup>th</sup>
Quarter 3	July 1st	September 30th
Quarter 4	October 1st	December 31st

- 2. Beginning January 1, 2018 or the effective date of this Amendment, whichever is the latter, Customer shall pay Tier 3 prices for its Contract Packages, and shall continue to pay Tier 3 prices for its Contract Packages through Contract Quarter 3. In Contract Quarter 4 and for subsequent Contract Quarters, tiered pricing will be determined by a rolling Contract Quarter average of Total Packages shipped throughout the term of the Contract.
- 3. Customized prices for this Contract will be based on a rolling four (4) quarter average. The average will be based on the quantity of Total Packages shipped divided by the number of full Contract Quarters achieved. Beginning with Contract Quarter 3 in Contract Year 2, and for subsequent Contract Quarters, Contract price tiers will be determined by the quantity of Total Packages shipped in the previous four (4) quarters divided by four (4). At the conclusion of each Contract Quarter, the Postal Service will calculate the quantity of Total Packages and the number of applicable quarters to calculate and apply the appropriate rate table within fifteen (15) calendar days of the conclusion of that Quarter. Table A below illustrates the method in determining tier level and corresponding prices.

Table A

I abic A		
Contract Year (CY) 1	Tier Determination	
Quarter 1	Tier 3 Pricing	
Quarter 2	Tier 3 Pricing	
Quarter 3	Tier 3 Pricing	
Quarter 4	Total Packages Shipped (CY1 Q3) ÷ 1	
Contract Year (CY) 2	Tier Determination	
Quarter 1	Total Packages Shipped (CY1 Q's 3&4) ÷ 2	
Quarter 2	Total Packages Shipped (CY1 Q's 3&4 + CY2 Q1) ÷ 3	
Quarter 3	Total Packages Shipped (CY1 Q's 3&4 + CY2 Q's 1&2) ÷ 4	
Quarter 4	Total Packages Shipped (CY1 Q4 + CY2 Q's 1,2&3) ÷ 4	
Contract Year (CY) 3	Tier Determination	
Quarter 1	Total Packages Shipped (CY2 Q's 1,2,3&4) ÷ 4	
Quarter 2	Total Packages Shipped (CY2 Q's 2,3&4 + CY3 Q1) ÷ 4	
Quarter 3	Total Packages Shipped (CY2 Q's 3&4 + CY3 Q's1&2) ÷ 4	
Quarter 4	Total Packages Shipped (CY2 Q4 + CY3 Q's1,2&3) ÷ 4	







[Add new Table 6, Section I.K., and Table 7, as follows. Existing Table 6 shall be renamed Table 8.]



#### K. Additional Service Fees and Discounts.

- Adult Signature Required Discount. Customer will pay the prevailing published price, per request, for use of Adult Signature Required service with Customer's DSCF and DDU Contract Packages, less the tier discount in Table 7 below, determined by the quarterly average of Total Packages shipped and the corresponding tier, pursuant to Sections I.E.2 and I.E.3 above, throughout the term of the Contract.
- Signature Confirmation Discount. Customer will pay the prevailing published price, per request, for use of Signature Confirmation service with Customer's DSCF and DDU Contract Packages less the tier discount in Table 7 below, determined by the quarterly average of Total Packages shipped and the corresponding tier, pursuant to Sections I.E.2 and I.E.3 above, throughout the term of the Contract.
- Sunday Premium Fee. Customer will pay an additional fee per request for Sunday delivery of Customer's DDU Contract Packages, in Table 7 below, to be determined by the quarterly average of Total Packages shipped and the corresponding tier, pursuant to Sections I.E.2 and I.E.3 above, throughout the term of the Contract.
- 4. An annual adjustment of the Sunday Premium Fee will occur on the anniversary date of the Contract's effective date throughout the term of the Contract. The adjustment will be based upon the average percentage increase of prices of general applicability, as calculated by the Postal Service, for Parcel Select DDU Non-lightweight. If the Postal Service maintains or decreases published rates for Parcel Select DDU, there shall be no change of the Sunday Premium Fee for that Contract Year.

IN WITNESS WHEREOF, the Parties hereto have caused this amendment to be duly executed as of the later date below:

UNITED STATES POSTAL SERVICE
Signed by:
Printed Name: Cliff Rucker
Title: Senior Vice President, Sales and Customer Relations
Date: 1/24 18

# ATTACHMENT B FINANCIAL CERTIFICATION

### **Certification of Prices for Amendment to Parcel Select Contract 25**

I, Steven R. Phelps, Manager, Regulatory Reporting and Cost Analysis, Finance Department, am familiar with the prices and terms for the amendment to Parcel Select Contract 25. The amended prices and terms contained in this Contract were established by the Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors' Decision No. 11-6).

I hereby certify, based on in the financial analysis provided herewith, that the amended prices are in compliance with 39 U.S.C § 3633 (a)(1), (2), and (3). They are expected to cover attributable costs. There should therefore be no subsidization of competitive products by market dominant products. The amended contract should not impair the ability of competitive products on the whole to cover an appropriate share of institutional costs.

Steven Phelps

Digitally signed by Steven Phelps DN: cn=Steven Phelps, o=Pricing and Costing, ou=Pricing, email=steven.r.phelps@usps.gov, c=US

Date: 2018.03.21 08:05:07 -04'00'

Steven R. Phelps